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An Industrial Development Strategy for Saskatchewan

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SASKATCHEWAN DEPARTMENT
OF INDUSTRY AND COMMERCE
HON. NORMAN VICKAR, MINISTER
JIM HUTCH, DEPUTY MINISTER

Kwae

Industrial development

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The face of Saskatchewan has changed dramatically since the first European explorers found their way to the prairies.

On the heels of the explorers came the fur trading companies and their trading posts became the cornerstones of many present day settlements.

In 1872 the Canadian government offered free land to all who wanted it. Attracted by this offer, people from all over the world flowed into the area that was to become Saskatchewan.

With the arrival of the Canadian Pacific Railway in 1882, settlers arrived in increasing numbers and settlements and towns and cities became established.

In 1905 the year Saskatchewan became a province, grain had already made agriculture the province's most important economic activity.

Saskatchewan's economy began changing in the post world war two era with the discovery of oil, and grew as related service and supply industries developed. This was followed by the discovery of potash and helium and production of natural gas. The trend was now a move from rural to urban life.

An industrial service complex soon began to develop, concentrated in the growth centers where industrial activity was strongest -- attracting people to the larger urban centers where labour and living accommodations were available.

Saskatchewan's economic structure has been undergoing profound changes. From an entirely agricultural economy it has changed to one in which non-agricultural industries now contribute more than 50 per cent of the province's commodity production.

The Government of Saskatchewan is aware of these changes and alert to both weaknesses and strengths in the province's economy and is concerned that a strategy be evolved that will ensure continued economic growth, further diversification and balanced development.

The Department of Industry and Commerce has undertaken to prepare such a strategy. This paper is the first step and results from a recognition of the need for careful planning in order that the province may realize its full economic potential.

The next step, implementation, obviously depends on the degree to which the private sector responds to this strategy, and in the end the degree to which we are able to reach some mutual understanding in achieving common objectives.

BACKGROUND

After suffering from recession conditions during the late '60's and early 70's, the Province of Saskatchewan, using any major economic measure, has out-paced the national economy in the past few years — in growth of housing, retail trade, manufacturing and personal income.

The key factor behind the current strength in the Saskatchewan economy is the marked improvement in farm output and prices in recent years. However, other considerations also have played an important role. These include expansion in the forestry sector, marked improvement in mineral resource income and the strong diversifying trends now apparent in the Saskatchewan economy. The latter are reflected in the major employment gains achieved by a number of service activities — personal and business services being the most prominent — and by the manufacturing sector.

After virtually no job creation during the recession years of the late '60's and early 70's, an average of about 7,500 jobs have been added yearly to the Saskatchewan work force from 1971 to the present day. Per capita income is now at parity with the Canadian average after lagging 30 per cent below only five years ago.

In 1975 alone, 11,000 jobs were added to the province's employed labour force, representing a growth rate of three per cent, well above the national rate of 1.9 per cent. As a consequence, the Saskatchewan unemployment rate has ranked among the lowest in the country over the last few years.

Very strong advances in capital investment in Saskatchewan have supported this job creation. Total investment has increased at rates exceeding 20 per cent each year since 1971, and generally has performed well above the national average.

Investment in new equipment and machinery has been especially strong, showing average annual increases of better than 30 per cent.

The long-term decline in the Saskatchewan population was halted in 1973 and dramatically reversed starting in 1974. Mid-year comparisons from 1974 to 1975 show an increase of 13,000 in the Saskatchewan population, including net in-migration of close to 5,000 during this one-year period. This is a remarkable change from the pattern of out-migration in the 1960's and early '70's. The upward trend has continued. The Saskatchewan population by the end of 1975 came to 932,000 compared with 907,000, 18 months earlier.

While the Saskatchewan economy has improved greatly over the last few years, much work still lies ahead.

The lack of growth up to the early '70's left the province with a number of weaknesses which must be recognized and overcome:

(a) Historically, Saskatchewan's almost total dependence on the resource sector, and in particular, on agriculture, has left our economy vulnerable to cyclical trends in the demand for these resources. At the same time, economic growth, based on resource extraction, has not provided sufficient employment and value added for Saskatchewan's population.

(b) We are straining our public resource base in our desire to provide the social amenities demanded by our people, even during "good times". Little cushion exists to tide us over periods of economic decline so that government can continue to provide the social amenities expected by its citizens.

(c) The distribution of economic benefits has not been appropriately spread among the people of Saskatchewan. Major imbalances result from rapid urbanization, particularly in the case of Regina and Saskatoon.

(d) The development which does occur often bypasses those most in need, particularly the people of native ancestry.

(e) Because, until recent years, Saskatchewan's pace of development has not matched that of its sister provinces, Saskatchewan has experienced massive out-migration of its young, skilled, family-forming citizens.

In particular, manufacturing development in Saskatchewan was held back by a number of constraints, some natural and some artificial in nature. These include: Saskatchewan's landlocked location; its distance from major North American markets and, in particular, the lack of a large U.S. market immediately to the south; the province's small population size; freight rate and transportation policies which, among other things, have discriminated against resource processing near the source of supply; and more generally, national economic policies which have worked to concentrate Canadian manufacturing in the two central provinces.

By almost all indicators, Saskatchewan has been among the least industrialized provinces in Canada. Despite recent achievements, still only 7.1 per cent of the Saskatchewan work force was employed in manufacturing activities in 1975, compared with 21.0 per cent for the nation. The province's relative position is even lower when we turn to non-resource based secondary industry. Saskatchewan, with about four per cent of the national population, currently accounts for well under one per cent of Canadian secondary manufacturing.

The lack of secondary industry and the province's continuing dependence on the volatile resource sectors have contributed greatly to the marked cyclical fluctuations and heavy out-migration experienced traditionally by the Saskatchewan economy.

Moreover, the industry that did develop in the past was either highly resource-based or closely tied to the local market, and thus tended to fluctuate with the total Saskatchewan economy rather than act as a stabilizing force.

Accordingly, in contrast to the increases realized by manufacturing in most parts of the country, manufacturing employment in Saskatchewan recorded a small absolute decline from 1965 to 1971.

Manufacturing in Saskatchewan in the past generally has failed to play the "growth engine" role often ascribed to it by regional economic theory.

However, an important reversal has occurred in the fortunes of the Saskatchewan manufacturing sector in recent years, reflecting the relaxation of a number of the constraints noted earlier. Underlying the recent surge in the Saskatchewan manufacturing sector are a number of factors, many of them inter-related:

- the sharp improvements in the province's resource sectors, especially agriculture, which in turn offered a wide range of opportunities for both processing activities and industries supplying to the resource industries;

- the buoyancy in the Saskatchewan and prairie economies;

- some improvements in the national policy climate as evidenced, in part, by the designation of all Saskatchewan for grants under the regional development incentives act administered by the Department of Regional Economic Expansion.

Current trends provide clear evidence that the advantages of a Saskatchewan location are now beginning to outweigh the historical disadvantages for a number of manufacturing activities.

The recent improvements in manufacturing are best illustrated by the following statistics. From 1971 to 1975, approximately 1,750 jobs per year were added to the employed manufacturing work force, indicating an annual growth rate of 9.0 per cent or triple the national rate of advance over the same period. Paralleling and supporting this upward trend, manufacturing investment in Saskatchewan has risen since 1973 at an average rate of nearly 30 per cent per annum, again well above the national average. Just as important, Saskatchewan's investment performance compares favorably with the other three western provinces.

While the sharp improvements in farm prices and output explains in large part the recent surge in the Saskatchewan economy, just as clearly the growth in manufacturing is an important additional factor.

Consistent with this, manufacturing accounted for nearly a quarter of the total increase in the Saskatchewan employed labour force from 1971 to 1975. Furthermore, many of the "peripheral activities" once handled internally by manufacturing establishments, are now being contracted out to service firms. This means that the service sector multipliers associated with manufacturing growth are now much larger than they were a few years ago, indicating that major indirect benefits resulted from the recent growth in the Saskatchewan manufacturing sector.

Recent events emphasize that industrial development can play an important role in the expansion and diversification of the Saskatchewan economy, despite the "traditional" limitations imposed by location, relatively small population size and national policies.

While a few larger projects were of some importance, recent manufacturing growth was largely a function of the establishment or expansion of a large number of smaller manufacturing firms, often locally-owned, participating in a wide range of manufacturing activities.

The major contributors to this upturn were wood products, agricultural implements, clothing, transportation equipment, electrical products and "miscellaneous" manufacturing, most of which showed employment gains averaging better than 10 per cent per annum in recent years.

While resource-based and local-market-oriented firms continue to display high representation, secondary manufacturing activities serving out-of-province markets also are increasing in importance, lending some diversification and stability to the Saskatchewan manufacturing sector. As evidence of this, food and beverages, printing and publishing, and metal fabricating — traditionally the province's three largest industrial sectors — accounted for 57 per cent of manufacturing employment as late as 1970, but more recently this proportion has been around 50 per cent.

Many of these manufacturing gains took place in the province's two largest centers, Saskatoon and Regina, but just as important, many smaller cen ters also displayed the capacity to generate new manufacturing activity. For example, the city of Yorkton has added more than 325 new jobs to its manufacturing base in recent years, while significant gains were also realized by other medium-sized centers.

Included in this category are North Battleford, Moose Jaw, Prince Albert and Biggar. Some of the province's smaller centers also have developed new industries in the past few years such as Friggstad Industries in Frontier and Zenon Park Industries in Zenon Park. It is evident that Saskatoon and Regina are not the only centers in Saskatchewan with significant manufacturing potential. In particular, but not exclusively, many of the larger agricultural service centers offer considerable scope for manufacturing expansion in the years ahead.

Furthermore, current evidence suggests that future gains will encompass a wide range of activities, including not only the more traditional resource-based and local-market-oriented activities, but also secondary industry serving out-of-province markets.

Finally, current trends suggest that manufacturing can play an important role in bringing about a more equal distribution of jobs and income among the different sections and communities of Saskatchewan. Underlying this is the clear evidence that entrepreneurs in a number of activities are now taking a closer look at smaller communities before making their location decision.

It is only in the last few years that progress has been made in achieving a stable and diversified economic base.

Saskatchewan is now approaching the Canadian mainstream in terms of economic performance, population growth, standard of living and, to some degree industrial structure. However, substantial changes are still required.

The development rationale of the Government of Saskatchewan recognizes the need to:

(a) continue the upward momentum of the past few years;

(b) further diversify the province's economic base;

(c) provide "quality" jobs for new entrants to the work force and people returning to Saskatchewan;

(d) develop the full potential of the province's manufacturing sector;

(e) capitalize on our current strength to increase resource processing within the province; and

(f) provide more balanced economic development throughout the province.

1. Growth

The government has a firm commitment to the economic development of this province, but this development must be "people oriented" rather than a process that regards individuals as mere factors of production.

The rationale enunciated here reflects a desire to realize the broad socio-economic benefits associated with a strong and stable economy. These include the provision of a wider range of economic opportunities for Saskatchewan residents and of "quality" jobs for new entrants to the work force and for people returning to Saskatchewan, an expanding provincial market, and the maintenance of a strong position for Saskatchewan within confederation.

The Government of Saskatchewan rather than viewing economic development as an en d in itself views development as a means of providing the people of this province with a higher standard of living through the provision of people oriented services such as health and social programs as well as the widest possible options for income and employment. In this context, it is our desire to maximize opportunity for individual initiative. This development rationale in addition to economic growth encompasses four other main themes.

2. Diversification

Expansion alone is not enough to fully meet the long-term needs and opportunities of the Saskatchewan economy and the people of this province. Major emphasis must of necessity be placed on the diversification of Saskatchewan's economic base. In the past, our dependence on the resource sector and especially on agriculture has left our economy vulnerable to cyclical fluctuations in the demand for these resources, fluctuations that are largely beyond our control.

But important progress has been made. For example, as of 1974, the value of the non-agricultural goods produced in the province slightly exceeded the value of our agricultural output. This turnabout reflects the growing importance of the minerals and manufacturing sectors within the provincial economy and was a major accomplishment, coming at a time when agricultural production and prices were at all-time high levels, but while much has been accomplished, diversification must remain a critical consideration in our plans for the future.

Efforts to develop a more diverse economy must focus on the province's natural economic strengths and on the wide range of skills, interests and managerial strengths of Saskatchewan residents.

3. Manufacturing

Many manufacturing activities must be included among the "natural economic strengths" now possessed by the province. Accordingly, we are committed to developing the full potential of the province's manufacturing sector. Manufacturing has a crucial role to play in stabilizing and diversifying the province's economic base and thus lessening our dependence on the unpredictable resource industries. Moreover, the manufacturing sector is not only important in itself, but is also a creator, through a spinoff effect, of jobs and income in other sectors, both primary and service. Beyond these considerations, development of the manufacturing sector is an essential element in realizing the full economic potential of the province's smaller communities and rural areas. As indicated earlier, many

manufacturing activities can and should be encouraged to locate and develop in centers outside Regina and Saskatoon.

4. Resource Up-Grading

Further processing of our natural resources prior to export constitutes a major element in the manufacturing strategy of the Government of Saskatchewan. At present, Saskatchewan is in a unique position. Our economy is very healthy while other provinces are just now beginning to emerge from a deep recession. World demand for our resources is very strong, a fact which gives us a particular advantage in attracting investment and developing our resources on terms favourable to the residents of Saskatchewan. Too often in the past, Saskatchewan's mineral and agricultural products have been shipped out of the province in raw form, to be processed elsewhere. This leads to a substantial loss of jobs, for, generally speaking, processing activities employ more people than resource-extracting activities. Our bargaining position has never been better to encourage industry to do more of the processing here in Saskatchewan.

5. Balanced Development

The Government of Saskatchewan believes that if growth is concentrated in a few centers, it will lead to as many problems as opportunities, both for the centers themselves and for the rest of the province. As a consequence, we are firmly committed to a balanced development approach, one that ensures a balanced distribution of employment and income opportunities within Saskatchewan. This approach takes full cognizance of the importance of Regina and Saskatoon to the provincial economy, and recognizes the need for their industrial bases to grow and diversify if they are to remain competitive with other large urban centers in Western Canada.

At the same time, it is essential to foster the industrial and commercial development of other centers in the province. The latter will ensure the provision of a full range of location and

employment options to the residents of this province and the development of a system of agricultural service centers, providing a complete range of urban services and amenities to the province's rural residents. In short, the basic premise underlying the balanced development approach is the necessity to develop the full socio-economic potential of all sizes of communities in Saskatchewan.

To sum up, the two "linchpins" to our development approach are economic growth and diversification. These two themes are not only crucial but also highly inter-related. Higher populations and incomes, and the larger more sophisticated markets they provide, are essential to the development of a more diverse economy in Saskatchewan. On the other hand, economic diversification will provide the satisfying high-quality jobs required to retain and attract a highly skilled labour force and thereby realize the province's population objectives.

These represent ambitious goals, but it is evident from current economic conditions that they can be attained. The Department of Industry and Commerce is playing a leading role in the achievement of these goals as the department with prime responsibility for the manufacturing and commercial sectors of the Saskatchewan economy.

Another dimension of economic development is critical to the Department of Industry and Commerce and to the government as a whole; that is, the respective roles which the public and private sectors will play in achieving our broad development goals. The government must have a hand in managing the economic destiny of our province. At the same time, in a number of sectors, much of the initiative and financing must remain with the private sector. Certain ground rules, therefore, must be established and understood to foster a strong working relationship between the public and private sectors in the Saskatchewan economy.

It is therefore necessary to establish guidelines for the private/public inter-relationship in order to implement our industrial development objectives and strategies:

(a) the public sector plays a key role in the control, development and extraction of our non-agricultural raw materials.

(b) the family farm is recognized as the basic unit of production within the agricultural sector.

(c) resource policies are intended to return to the Saskatchewan people the maximum value from resource extraction, while enabling corporate enterprises to realize a reasonable rate of return on investment.

(d) the private sector has a clear and extensive role to play in manufacturing and processing stages of resource-based activities in the province.

(e) when an opportunity is identified in the manufacturing sector, preference will be given to Saskatchewan-based over out-of-province firms where a choice exists, and where local business is clearly capable of profitably exploiting the new opportunity.

(f) resource upgrading should occur in proximity to the source of the raw material supply, to the extent that it is economically feasible to do so.

(g) the commercial (service) sector should be encouraged to grow by way of Saskatchewan-based private enterprise.

(h) industrial projects must be implemented in a manner consistent with current environmental legislation and sound ecological practices.

Recent legislation affecting resource development in the province can be seen to be consistent with this set of guidelines, especially with points (a), (c) and (f). At the same time, the province's approach to the private sector in the case of manufacturing and processing is very different from the guidelines in effect for resource extraction. In manufacturing and processing development the impetus for the initiation and realization of industrial projects lies to a great extent with the private sector. The provincial government regards this situation as both desirable and necessary.

OBJECTIVES

The broad development rationale discussed in preceding pages emphasized the need to continue the upward momentum of the last few years, further diversify the province's economic base, provide "quality" jobs for new entrants to the work force and people returning to Saskatchewan, capitalize on our current strength to increase resource processing within the province and provide more balanced economic development throughout the province.

The specific objectives that follow from this approach become the objectives and goals of the Department of Industry and Commerce, as the department with prime responsibility for the manufacturing and commercial sectors of the Saskatchewan economy.

The main thrust of the department's objectives is towards developing an industrial structure with a growth dynamic of its own and with opportunities for Saskatchewan residents of all skill and education levels. To achieve this, locally based industry in the province must be developed to the full. Local communities, local entrepreneurial initiative and indigenous firms have a vital role to play in the development process.

However, it must be clearly recognized that with respect to manufacturing, Saskatchewan's present base is too narrow to depend totally on current provincial resources. The full potential of the Saskatchewan manufacturing sector will be realized only if we are successful in attracting out-of-province manufacturing investment and entrepreneurship to Saskatchewan, especially when it encompasses new technology and management skills, and industrial activities totally new to our economy. Most often, this investment will be foreign in origin.

Foreign investment in the province is acceptable to the Government of Saskatchewan, but only if this investment is consistent with the province's industrial, geographic and broader development objectives. Special emphasis will be given to foreign investment which involves the introduction of new entrepreneurial, management and marketing skills to the province. Accordingly, the attraction of out-of-province and particularly foreign investment will be conducted on a selective basis and in a manner that ensures the fullest possible benefits for all residents of Saskatchewan. However, the need for selectivity in no way detracts from the necessity for attracting outside investment to this province.

Finally, it is recognized that if Saskatchewan residents are to improve their incomes and if our firms are to increase their competitiveness in world markets, Saskatchewan firms must continue to improve their efficiency and to upgrade the skills of their work force.

These considerations give rise to the following set of objectives for the Department of Industry and Commerce.

(a) to support the development of new employment opportunities in Saskatchewan in the secondary and tertiary sectors of the economy, with special focus on manufacturing as one of the prime vehicles for diversifying the Saskatchewan economy;

(b) to encourage locally based enterprise to grow and prosper;

(c) to attract out-of-province, including foreign manufacturing investment and entrepreneurship on a selective basis;

(d) to increase the variety of employment opportunities available, with particular emphasis on expanding and broadening employment and income opportunities in the secondary centers and smaller communities in Saskatchewan.

The concentrated effort necessary to achieve these objectives provides the foundation for the day-to-day operations of the Department of Industry and Commerce.

Government involvement in industrial projects where required will ensure security for the private investor, and also ensure a fair return to the people of Saskatchewan.

DEVELOPMENT STRATEGY

The development rationale makes it clear that development is viewed as a means to a higher objective — that of enhancing the level and distribution of income and job opportunities of Saskatchewan people.

Accordingly, the Department of Industry and Commerce has formulated an economic development strategy designed to encourage and facilitate well balanced economic growth within the province.

Certain broad development guidelines provide the context for this strategy:

(a) development efforts should concentrate on the province's natural economic strengths.
(b) the economy should be diversified with the major thrusts being placed on the development and expansion of the manufacturing sector.
(c) public equity participation in manufacturing will be used where necessary particularly in cases when the project is of critical importance to the province's industrial future.
(d) forward linkages should be captured to increase Saskatchewan employment and value added.
(e) the use of planning to ensure industrial and urban infrastructure support for industrial development and growth.

The use of planning to ensure sufficient industrial and urban infrastructure to support industrial development must be followed if the smaller communities and secondary centers are expected to grow and prosper. Large industrial development can place significant strains on a town which is not prepared for such development.

More specific elements of the department's development strategy include:

- industrial opportunity identification
- support to local enterprise
- support to local community initiative
- lending and equity assistance
- geographic considerations
- measures to accommodate industrial expansion
- manpower implications
- co-ordination and catalytic role

The first element of this strategy is to further improve and refine the industrial opportunity identification and promotion efforts of the province. In order to make promotional and other development efforts more effective, the department takes an analytical approach, identifying opportunities and undertaking research on various factors relevant to new industry. Special emphasis is given to the analysis of financial and market feasibility determination of infrastructure requirements, and the analysis of the locational and transportation requirements of potential industry.

This approach is crucial to discovering industries that meet the particular needs of specific communities in the province. Covered under this strategy element are:

(a) the identification of industries which would be most viable and suitable to Saskatchewan;
(b) in-depth analysis of their total feasibility, including potential markets;
(c) analysis of the assets and liabilities of specific communities and the industrial development implications of these characteristics;
(d) studies of special industrial infrastructure requirements;
(e) and special promotional work directed towards high-benefit opportunities;

This enables the promotional efforts of the province to relate to identified opportunities, and thus increases chances for success. In short, it is an approach which uses a "rifle" in preference to a "shotgun." In addition, distribution of information on these opportunities encourages local investors and existing Saskatchewan firms which are considering a new product expansion.

The second element of the strategy is to provide support to local enterprise. The prime thrust is to help Saskatchewan businesses, many of them small businesses, to develop, grow and prosper.

Experience with small business has shown that many problems are related to the lack of specific management skills. Managers of small businesses are typically capable in some areas, but lack the necessary skills and experience in other areas which may be essential to long-term success and/or growth of the business.

The Department of Industry and Commerce is expanding and further refining its current business assistance programs, including a management counselling program which has already had substantial success. The expanded program covers a number of key areas which are critically important to the success of new business enterprises and to the well-being and profitability of existing enterprises. The department also assists existing private industry by cost-sharing marketing and feasibility studies, and by helping firms to penetrate new markets.

Assistance in the areas of management and marketing allows Saskatchewan businesses to become firmly established and to keep abreast of new markets and new techniques, and thus maintain a strong competitive position. Moreover, the skills and tools learned during this process assist smaller firms to "stand on their own feet" and thus lessen the need for government assistance over the longer term. Work in this area is particularly important to the province's smaller towns, which depend to a great extent on small indigenous firms, and often do not have the capacity to support a large, incoming industry.

The third element of the department's strategy is to improve the capability of local communities to participate directly in the development process. Successful industrial development involves co-operation between the private sector, the two senior levels of government and the local community. Local community involvement and initiative are as important as inputs from the other three parties combined. The Department of Industry and Commerce working with other government agencies assists communities to organize for industrial development and to prepare themselves for broader socio-economic change. This assistance takes many forms, including (but not exclusively) area opportunity studies and working directly with the local community prior to the establishment of a new industry or commercial enterprise.

It should be emphasized, however, that while senior governments can assist this process, they can only act as the catalyst. The organization and forward thrust must come out of the community itself, and out of the deep interest of the community's residents for its continued prosperity and development.

The fourth element of the strategy is to provide lending assistance and equity capital to Saskatchewan firms. Saskatchewan's entrepreneurs often encounter major difficulties in securing sufficient loan and risk capital to mount a successful venture, because of the small size of the typical Saskatchewan firm and the province's large distance from major markets. The Government of Saskatchewan, through the Saskatchewan Economic Development Corporation, now provides an important and expanding alternative to the traditional lending institutions and moreover is prepared to participate directly in the firm, especially in the case of high priority projects.

The fifth element of the strategy is the geographic element. Growth, and the promotional and industrial assistance efforts which prompt or encourage it, has three important characteristics:

What takes place; how quickly it takes place and where it takes place.

The first four elements of the strategy all hold some implications for the question of where development takes place, but the fifth attacks it directly. It is based on the premise that where development occurs is as important as the development itself.

A major thrust under this element involves making current development-related programming more responsive to the geographic priorities and objectives of the Saskatchewan government. Included under current programming would be various manpower training programs, the incentives programs of DREE and ITC, and the lending assistance provided by SEDCO.

The geographic aspect leads to the sixth element of the strategy, which is to facilitate and accommodate industrial expansion through providing serviced industrial land, other industrial infrastructure and community infrastructure. Accordingly, this assistance is largely focused on communities with significant industrial potential.

One of the problems faced by the faster growing communities in Saskatchewan is that of providing adequate amounts of industrial land to foster and accommodate development. Access to suitable serviced land at reasonable cost can be an important factor in realizing an area's potential for attracting new industry, or in facilitating the expansion of an existing firm. Lack of serviced land, on the other hand, can discourage new firms, delay expansion plans, and could even cause an area to lose an industry.

The Government of Saskatchewan, through the Saskatchewan Economic Development Corporation and other agencies, will assist in the planning and provision of essential serviced land to accommodate industrial growth. By concentrating industry, industrial parks can maximize the impact of industrial growth through providing the necessary market size for some business-oriented service industries. In addition, by attracting industries

to a limited number of sites, industrial parks act as a development control device, reducing the tendency towards inefficient growth patterns such as ribbon development.

New industries and development, however, are not all suited to industrial park locations but rather may generate other demands for support infrastructure. Expansions and modernizations of existing industries will put similar pressure on existing services. An important factor in attracting and maintaining industry, therefore, is the ability of the public sector to respond quickly to such requirements.

Finally, industrial development and associated population growth can often lead to community infrastructure requirements that the municipal government cannot meet, at least not without great difficulty. This reflects in part the lag between the time that services must be put in place, and the time that the new industry generates significant municipal tax revenues. Inability to meet these infrastructure demands can often lead to failure in acquiring a potential industry, or difficulties in attracting and retaining the required labour force once the industry is in production. The latter situation can greatly prejudice the long-term profitability and stability of a new industry. Community infrastructure assistance is provided through the ongoing programs of the Department of Municipal Affairs. Industry and Commerce works with Municipal Affairs in identifying these communities where such expenditures are most needed.

A seventh element in the strategy requires attention here, although it does not fall directly within the mandate of the Department of Industry and Commerce. This is the manpower aspect of industrial development. The availability of skilled manpower is one of the most important factors in determining industrial location. In addition, skilled manpower has higher productivity and can earn higher wages, and thus generates larger indirect benefits to the local community and province. Finally, the average skill level of employees is intimately related to the

overall efficiency, competitiveness and productivity of industry.

With changing development opportunities - both in the manufacturing and service sectors - and with increasing demands for skilled labour, special efforts are required with respect to manpower, focusing on the needs of larger and smaller communities alike. The major action initiatives will be undertaken through the provincial manpower secretariat working with the appropriate provincial and federal government departments. At the same time, the major industrial development thrusts within the province are being examined with a view towards identifying particular manpower training requirements. Emphasis is being given to both skill upgrading of existing employment and the provision of comprehensive manpower assistance to major new industries.

The final element of this development strategy is the co-ordination of industrial development activities. The Government of Saskatchewan, mainly through the Department of Industry and Commerce, plays a co-ordinating and "catalytic" role in furthering manufacturing development in this province. The private entrepreneur considering a new project or an expansion of his existing plant, faces a large number of government programs which could directly or indirectly affect the success of his proposed venture. These run the gamut from manpower training through industrial and commercial infrastructure to lending and incentive assistance. The Department of Industry and Commerce assists the private entrepreneur in finding the right mix of programs necessary to ensure the start-up and continuing viability of the project. Beyond the question of co-ordination, it is often necessary for the department to play a catalytic role in the development process by bringing together a "good idea" with the right entrepreneur.

This co-ordinating role also encompasses the department's ongoing contacts with other governments. These generally take two forms. First, the department is in constant contact with federal government departments with industrial development

responsibilities, particularly Regional Economic Expansion and Industry, Trade and Commerce. The purpose is to inform these federal departments of the province's primary needs and opportunities in the industrial development field, and to formulate common strategies to improve the effectiveness of their programs in Saskatchewan. Secondly, the department works closely with the other industry departments in the western provinces with the objective of identifying areas of common concern and developing joint strategies for specific industrial sectors or other initiatives.

As the foregoing discussion suggests, the encouragement of manufacturing activity in Saskatchewan is not a simple process, rather, it requires a wide range of program initiatives which must be co-ordinated and implemented in a flexible manner to meet the specific needs of different opportunities and localities. The Department of Industry and Commerce has direct responsibility for some of these programs while playing a co-ordinating role with respect to others.

1. Critical Path Example

The implementation of this strategy, and thus the role of the department in the development of industry in Saskatchewan, can best be explained through focusing on a specific industrial project. The following will illustrate the strategy's implementation on a step-by-step basis, starting from the conceptual stage through to construction, start-up and subsequent expansion of a project. For purposes of illustration, it will be assumed that the project is in the "farm equipment" industry, but this example will be relevant to a wide range of industries.

(a) The research of the department or initial contact with the industry has suggested that the manufacturing of certain farm equipment could be a profitable endeavour in Saskatchewan. Based on this, the department carries out a very preliminary feasibility study either in-house or contracted out to a consultant. One

purpose of the study is to identify local or out-of-province investors that would be interested in such a project.

(b) Given that the results of the study are positive, the study is used as background material in discussions with possible investors. This is what is meant by a "rifle" over a "shotgun" approach in industrial promotion.

(c) When an interested investor is found, the department cost-shares with the investor a full marketing and feasibility study, almost always conducted by a private consultant. The study analyzes all aspects pertaining to the future profitability of the firm. Major consideration is also given to issues especially relevant to government, including environmental concerns, the manpower, transportation and infrastructure requirements, and broader locational considerations. One objective is to identify the "right" community which satisfied both (a) the need for long-term economic viability, and (b) the geographic and broader socio-economic objectives.

(d) If the study results are positive, preparations begin for the construction phase of the project for the department, this means the following:

- assisting the investor in acquiring financing, including SEDCO loans and RDIA grants;
- informing the Department of Municipal Affairs and the local community of the infrastructure requirements of the project, and ensuring that the necessary programs are implemented.
- informing the provincial and federal manpower authorities of the manpower requirements of the project, both during construction and production.

- assisting the investor to contact transportation, energy and environmental agencies as required.

(e) The department monitors the project and works with the project managers during the construction phase in order to help in removing any constraints or bottlenecks to the successful realization of the project. At the same time, the department assists the local community as it prepares for the production phase.

(f) The period immediately after start-up is often the most difficult for a new project. The management counseling services of the Business Assistance Branch are ready to provide the necessary assistance.

(g) If the firm embarks upon an expansion, the cycle begins again, including preliminary analysis, the cost-sharing of marketing and feasibility studies, departmental assistance in acquiring financing assistance to the local community and so on.

The above is the "basic model" that the department is working towards although variations will be required depending on the project. In this manner, the Department of Industry and Commerce can provide project assistance from beginning to end, i.e. from the conceptual stage to well past start-up.

Successful implementation of this broad development strategy hinges on two major factors which demand attention. These are the industries to be developed and the location of those industries. These provide the focus for the next two sections.

KEY INDUSTRIES

The development strategy places special emphasis on certain sectors of the economy, for there are key industries that any truly diversified economy must have to provide the foundation for future growth. These high priority industries are identified through an assessment of the natural advantages offered by the Saskatchewan economy for the development of manufacturing. Accordingly, these industries are not only crucial if we are to realize our development objectives, but just as important hold the greatest potential for being profitable and viable over the longer term. A number of these "natural advantages" were noted earlier but bear repeating here:

- a strong and diverse resource base offering opportunities for both resource upgrading and industries supplying to the primary sectors;
- an expanding provincial market, reflecting the current upturn in the Saskatchewan population and per capita incomes now approaching the Canadian average;
- Saskatchewan's central position within the buoyant prairie economy;
- the growing importance of Regina and Saskatoon within the Canadian 'system of cities';
- the economic performance of the American states just south of Saskatchewan which are now undergoing substantial growth, especially related to resource development;
- an educated, highly-skilled work force with a generally good record in labour/management relations;
- a steady supply of energy at competitive rates;

In addition, there is the apparent improvement in the national policy climate with respect to manufacturing development in Saskatchewan. This is seen, in part, in the growing interest in "western economic opportunities" and the increasing role of the Department of Regional Economic Expansion within Saskatchewan.

The following are some examples of the industries on which the government and the Department of Industry and Commerce should place the greatest emphasis over the short and medium-term.

1. Iron and Steel

The iron and steel sector offers one of the greatest development opportunities we have through which to build a strong diversified industrial base. Since steel is so basic to many secondary fabricating and building activities, a large, fully developed iron and steel complex represents a "cornerstone" in the future economic base of our province.

Agressive expansion of this sector offers the opportunity for Saskatchewan to have a major presence in steel fabricating in the prairies. In 1974 the federal and provincial governments signed the Canada-Saskatchewan Iron and Steel Development Agreement with the purpose of enhancing and expanding a broad range of activities within the iron, steel and related metal industries in Saskatchewan. The objective of the agreement is to broaden and diversify the province's economic base and to link it more closely with economic development in Western Canada by:

- enhancing the viability of the existing iron and steel industry in Saskatchewan,
- expanding and diversifying iron and steel production in Saskatchewan, and
- providing a substantial increase in the number and range of employment opportunities in the iron, steel and other related metal industries in Saskatchewan.

While the extractive and primary stages of steel production will likely be centralized, many of the spinoff secondary industries lend themselves to decentralization because of their smaller size and specialized nature. Whenever possible, every effort will be made to locate these enterprises in smaller cities and towns.

2. Resource Upgrading

(a) Agricultural Processing and Related Industries

Agriculture has been and will likely continue to be the major source of commodity production in our province. Traditionally, this industry has been responsible for over half of our value of commodity production. Agriculture is one of our natural strengths, a strength that must be capitalized on in the years ahead. Efforts must be made to ensure that Saskatchewan receives the full benefits associated with further expansion in the farm sector and with the processing and manufacturing of goods derived from farm products.

Manufacturing linked to the farm sector offers a broad range of opportunities that are compatible with the broad development philosophy outlined earlier.

(i) agricultural processing lends itself to extensive decentralization outside our large urban centers. Saskatchewan's vast agricultural base provides a unique opportunity to decentralize economic activity throughout the southern, rural areas of Saskatchewan;

(ii) businesses supplying to the agricultural sector, especially farm machinery manufacturing, are already well established and can evolve into a strong mature industry that is geographically decentralized, competitive, and can penetrate export markets; and

(iii) agriculture-related industry represents a source of jobs for rural non-farm people who otherwise might seek job opportunities in large centers.

In short, the full development of agriculture-related industries is crucial both to the achievement of our broad manufacturing objectives and to obtaining a more geographically balanced development pattern within the province. Among the aspects of the industry which show promise for development are meatpacking, field-crop derived products, pharmaceuticals, and vegetable processing.

(b) Primary and Secondary Wood-Based Industry

This industry sector is being given special emphasis in our industrial development initiatives. It affords an opportunity for greater utilization and upgrading of our forest resources and offers the largest single opportunity for the central and northern areas of Saskatchewan.

In recent years, the Government of Saskatchewan, through the Department of Tourism and Renewable Resources, has taken steps to ensure the orderly management of our forestry resources.

As opposed to a policy of centralizing forest-based industrial activities, the Government of Saskatchewan has attempted to ensure that employment and income opportunities are spread more evenly throughout the central and northern portions of the province. This is particularly true of primary processing activities such as sawmills. However, certain secondary manufacturing activities like the present Prince Albert Pulp Company complex require centralization in order to achieve economies of scale.

Present initiatives in this sector include public, private and joint ventures. With respect to large undertakings, it is probable that government assistance in the form of risk capital will be necessary to realize the project's full potential. For example, in developing a major use of poplar trees in the province, public involvement likely would be necessary in order to mobilize the capital requirements for such a venture. A major producer of hardwood products would be a "cornerstone" activity from which other opportunities would follow; for example, squared log houses, laminated furniture and building components. These opportunities would be realized either through joint ventures or more often through purely private initiative.

Beyond this, significant opportunities exist in secondary wood-based industries oriented towards consumer markets. These include furniture and furniture components, housing and both housing and building components. Private initiative and financing will be the key to realizing opportunities in these areas.

To sum up, the government's approach to forestry and related processing involves the following components:

- the public sector manages the basic resource and plays a major role in realizing primary processing opportunities, especially sawmills;
- for many activities involving further processing of the resource, joint ventures between the public and private sector might be necessary because of their large capital requirements;
- opportunities in secondary wood-based industries, especially those oriented towards consumer markets, will be realized largely through private initiative and financing.

Accordingly, the forestry resource of the Province of Saskatchewan will be developed through a joint partnership between the government and private industry and in a manner which ensures the fullest possible benefits for the residents of this province.

(c) Other Industries Oriented Towards Expanding Provincial and Prairie Markets

Most of the activities listed earlier are oriented towards out-of-province markets. However, now that the province's population and industrial base are expanding and our per capita incomes match the national average, it is possible - indeed essential - to look at market opportunities closer to home. These will be found both in the province itself and in the remainder of the expanding prairie economy and will encompass both the consumer and industrial products field. Our analysis of recent trends illuminates the growing importance of these "import-substitution" activities within the Saskatchewan manufacturing sector.

Unfortunately, because rapid growth and industrialization in the provincial economy is of such recent vintage, both government and the private sector are often unaware of opportunities in this area. We can identify broad industrial opportunities in the consumer and industrial products field - ranging from industrial machinery and chemicals, mobile homes, textiles, apparel and recreational equipment, through to specialized food products - but more work is required to identify specific product opportunities where Saskatchewan-based producers can competitively serve the local and western region market. The term "competitively" is especially important here, for it is not possible - nor is it desirable - to replace all imports in the provincial market. Moreover, in selecting import substitutes, emphasis must be given to products with long-term export potential, both nationally and internationally, in order to reap the benefits of large-scale, low-cost production over the longer term.

The Department of Industry and Commerce is committed to work with the private sector to identify and realize these opportunities in the months ahead.

4. Industrial Opportunities by Sector

Associated with each broad sector are a large number of industrial opportunities which hold high potential for the next five years. These, together with their employment and capital requirements, are summarized below by sector.

Industrial Opportunities - By Sector: 1976-1980

	No.	Capital Investment Million $	Employment
1. Agriculture and Related	38	120	2,400
2. Secondary Wood-based Industries	27	320	1,200
3. Iron and Steel	10	180	1,900
4. Non-Renewable Resource-based	9	140	200
5. Other Manufacturing	18	13	500
	102	773	6,200

Examples of more specific opportunities and expected developments are as follows:

- expansion of the meat packing industry including more advanced processing and the eventual marketing of finished meat products.
- food and pharmaceutical products and products based on the development of a fermentation industry.
- increased production of prefabricated and modular housing plus mobile homes and equipment for mobile homes.
- development of primary wood based industries will provide raw materials for the manufacture of furniture components, furniture and kitchen cabinets.
- particle board, medium density fibreboard and thermal mechanical pulp become opportunities given sufficient wood residues.
- further processing of the province's uranium and clay resources.
- in textiles and related products: carpeting, knitted garments, sportswear, leather goods, ready-made drapes, pant wear and winter outerwear.
- the IPSCO expansion and related iron and steel activities, including iron and steel foundries and forgings.
- expansion of existing lines of farm machinery plus new production of more sophisticated equipment.
- construction machinery.
- sophisticated electrical equipment.

These and other opportunities are under active consideration at the present time.

GEOGRAPHIC IMPLICATIONS

It is recognized that different development strategies and programs are required for different sizes of communities in Saskatchewan. These differences can best be illustrated by considering three categories of communities. It should be emphasized, however, that some variation in tactics and approach will be required to meet individual community needs within a given category.

The first category consists of the two largest cities, Regina and Saskatoon. Development efforts of government in these centers should emphasize higher wage and skill activities with limited location options within the province. One purpose would be to enhance the attractiveness and competitiveness of Regina and Saskatoon in relation to the other large western Canadian centers. Other industries will develop in Regina and Saskatoon but these will usually develop as part of the normal growth process.

Secondly, we must recognize the important manufacturing potential possessed by many of the province's agricultural service centers. This potential lies in a wide range of manufacturing activities, including both resource-linked activities such as food processing, agricultural implements and wood products, as well as a number of non-resource-based industries serving the Saskatchewan and prairie market. Included with the latter are textiles and clothing, carpets, furniture, building materials, mobile homes, recreational equipment and plastic fabrication. Many of these industries will result in higher female labour force participation, and thus higher family incomes, in areas outside of Regina and Saskatoon.

A number of these activities may marginally prefer a Regina or Saskatoon location, but they may be induced to locate in a smaller center. Governments' development efforts in these centers should be focused on encouraging and accommodating this manufacturing

development and ensuring that industries with location options within Saskatchewan locate in a manner consistent with broader socio-economic and geographic objectives.

The third category focuses on the province's smaller communities. Many of these communities also possess the potential to attract or generate new manufacturing investment, especially in resource-linked industries. However, it is not possible to develop new manufacturing activity in them all, nor do all of them desire an expanded manufacturing base. Therefore, a more balanced approach is required, an approach which takes full account of their existing manufacturing potential, together with their role as agricultural service centers to their surrounding rural areas. Consequently, greater attention will be given to service sector opportunities in smaller communities. The purpose will be both to broaden and enhance employment opportunities, and to improve the availability of urban services and amenities to the rural residents of Saskatchewan.

Consequently the attractiveness of occupations in the primary sector will be greatly enhanced thus fulfilling the potential of Saskatchewan's resource industries, particularly agriculture.

By taking full account of the needs and potential of all sizes of communities, this strategy will encourage well balanced economic development.

Supporting this development strategy is a large range of programs available to business and industry in Saskatchewan, provided by various provincial and federal agencies.

The main provincial agencies involved are SEDCO and the Department of Industry and Commerce, while secondary roles are played by Municipal Affairs and others. The major federal agencies are the Department of Regional Economic Expansion, the Department of Industry, Trade and Commerce, the Department of Finance and the Federal Business Development Bank. As the following descriptions indicate, the programs offered range from professional and

technical assistance to financial assistance by ways of loans, loan guarantees and grants. The main focus here is on the programs and assistance available through the Department of Industry and Commerce, with briefer mention made of other agencies.

GOVERNMENT SUPPORT PROGRAMS

1. Saskatchewan Department of Industry and Commerce

The provincial Department of Industry and Commerce is the principal provincial agency for the development and implementation of the Government of Saskatchewan's policies and objectives as they relate to the industrial and commercial sectors of the province. The department is also the key agency responsible for the development and co-ordination of joint federal-provincial efforts as they relate to economic development. One example is the Steel Implementation Committee, established under the iron and steel agreement between the provincial and federal governments. Furthermore, the department works closely with other provincial departments and agencies whose programs have a significant bearing on industrial development activities in Saskatchewan.

There are five major areas of departmental activity:

(a) industrial development
(b) business assistance and development
(c) trade development
(d) assistance to disadvantaged persons
(e) operation recycle

(a) Industrial Development

This activity of the department addresses itself primarily to the development of secondary manufacturing and processing activities in Saskatchewan. Here the department identifies areas of substantial industrial potential and encourages new industry or existing industry to take advantage of the identified opportunity. The department also assists manufacturers in assessing the feasibility of planned industrial expansions and the identification of markets. Further help is provided in securing financial aid either through SEDCO or a DREE incentive grant for the new or expanded industrial facility. Finally, the department works closely with the entrepreneur and local community to ensure a smooth transition from the conceptual through to the construction and start-up phases of the project.

(b) Business Assistance and Development

The department also maintains an ongoing program of assistance to strengthen managerial capability in the province through its Business Assistance Branch. Counsellors from this branch will assist any Saskatchewan business person, new or established, to analyze market potential, to develop operating plans and projections, and to put in place an effective information and control system. These are the essential elements of good management.

Small Saskatchewan enterprises must compete with large national and international businesses which have corps of specialists in all facets of management, employing the most advanced techniques. Typically, the owner-managers of smaller firms exhibit competence in some areas of the administration of their businesses, but they cannot be expected to have competence in all aspects.

The Business Assistance Branch offers assistance in overcoming this disadvantage by providing a confidential, individual business diagnostic service to identify opportunities for profit improvement or potential problem areas. The branch will provide specialized counsellors to instruct managers to take advantage of these opportunities or to eliminate problems; or, if more substantial counseling is indicated, it will assist management to assess the benefits and costs of private professional counseling services and to prepare requirement studies for the engagement of such consultants. In some cases the Department of Industry and Commerce can share up to 50 per cent of the consultants fees.

Many businesses do not need management counseling, but almost all will from time to time need answers to questions related to their operations. Business Assistance Branch consultants can quickly provide accurate answers to a diverse range of business-related questions involving statistical information, federal and provincial government programs and legislation, sources of supply and so on.

The branch maintains eight regional offices located throughout the province. Beyond a counseling service, the regional offices provide representation of the entire provincial government to the local business community.

(c) Trade Development

The Department of Industry and Commerce, through its Aid to Trade program, newly formed Sask. Trading Corporation, and the trade mission and trade fair program, assists Saskatchewan manufacturers in developing and penetrating new national and international markets. The department also maintains a European and a Pacific Rim trade office in support of our trading activities with other countries.

(d) Assistance To Disadvantaged Persons

An important aspect of the department's development activities is to ensure that disadvantaged persons in the province are brought within the mainstream of provincial economic development. Too often physically or mentally handicapped people or segments of the province's native population are divorced from participating in successful economic opportunities. The department, through its recently established Special Assistance Branch, assists in providing productive employment opportunities for disadvantaged persons in soundly managed, profitable business enterprises. The economic development program for disadvantaged persons assists in the creation of permanent employment opportunities for disadvantaged persons by involving them in the development and implementation of viable business enterprises. The program also provides incentives to employers to create jobs for disadvantaged persons. The Special Arda Program is a joint federal-provincial undertaking to facilitate the economic development and social adjustment of native people in rural areas of the province. The Special Assistance Branch maintains regional offices in North Battleford, Prince Albert, Regina, Saskatoon and Yorkton.

(e) Operation Recycle

The objectives of the branch are to initiate, manage and co-ordinate reclamation programs so as to assure the effective reuse of commercially recyclable waste.

The principal activity at present is related to the gathering of scrap vehicles from four contractual areas in the province. Vehicles are gathered from accessible locations and delivered to one retention site in each of the areas. Scrap vehicles are eventually disposed of to a company with facilities to break down the scrap into separate ferrous and non-ferrous products. The ferrous is reused as a furnace-feed charge in steel mills, while the non-ferrous has its own specific markets.

The branch is examining the feasibility of reclaiming other wastes such as glass and rubber tires.

* * * * *

In the ongoing activities of the department, special emphasis is placed on the needs of smaller communities in Saskatchewan. The clear objective of the Saskatchewan government is to stabilize and where possible, strengthen the province's smaller communities in order to assure continuity of convenient retail and other services to all Saskatchewan residents and to preserve the quality of rural Saskatchewan life. A number of programs are being put into effect to achieve this.

Decentralization of the Business Assistance Branch regional business representatives has significantly increased the accessibility of rural business people to government. As noted earlier, the regional offices represent not just the Department of Industry and Commerce, but all government agencies with business-related programs. The representative will discuss the needs of any business owner and will arrange meetings, normally at his own place of business, with representatives of any agency which can assist him.

A new pilot program is being introduced to facilitate the continuity of a rural business that is judged to be crucial to the well-being of a small community. If analysis indicates that the business should be viable if well managed, and an appropriate purchaser is prepared to accept comprehensive management counseling for up to two years of initial operation, the Department of Industry and Commerce is empowered, during this period, to ensure him a basic monthly wage and a return on his personal investment. The objective of the pilot program therefore is to maintain a community's capacity to provide basic services to its residents and the surrounding rural area.

Such transfers of ownership will most frequently be financed at least in part, by the newly approved SEDCO small business loans. The eligibility test for these loans is deliberately weighted to favour businesses in smaller centers.

This new loan program attempts to meet the special needs of smaller businesses, especially those in the more rural areas, by improving their terms of loans and by relaxing the criteria for eligibility. For instance, less emphasis will be placed on proven management experience. Rather, management development assistance will be provided to the borrower by Business Assistance Branch counselors.

The Saskatchewan Main Street Development Program, another new pilot program, scheduled to come into effect in the latter part of 1976, will provide technical and financial assistance to communities to rejuvenate their commercial district. The program will be available to all communities with populations under 2,000 and will provide financial assistance to both individual retailers and to the municipality. This program will be supported by comprehensive research to assure that the community takes fullest possible advantage of the market potential available to it.

2. SEDCO

The principal objective of SEDCO is to provide financial assistance to industrial enterprises establishing or expanding

within Saskatchewan. As well as providing loans and loan guarantees, SEDCO invests in equity holdings and the development of industrial sites. In 1975, SEDCO loans represented an average 71 per cent of the financing required for the project on which the loan was made. The remaining 29 per cent was invested by either the client, banks, federal incentive grants or a combination of these sources. SEDCO interest rates are competitive with the traditional lending institutions and are currently 1½ per cent over prime rate on term loans.

Its management services division provides advisory services to SEDCO clients in areas such as sales and marketing, finance, production and engineering.

3. Department of Regional Economic Expansion

The department's main program for encouraging new industrial growth is the regional development incentives act (RDIA), which makes grants available to encourage manufacturing and processing industries to establish, expand or modernize in broad designated regions. The entire province of Saskatchewan is one of those designated areas. Loan guarantees can also be provided to industrial projects and, in some cases, for certain types of commercial projects.

4. Federal Business Development Bank

This bank provides financial assistance to small and medium-sized businesses in Canada which are unable to obtain the financing they need on reasonable terms and conditions.

5. Department of Industry, Trade and Commerce

The Department of Industry, Trade and Commerce offers a multitude of incentives to industry in the areas of:

- research and development
- market development, and
- productivity improvement

The programs of the department are exclusively oriented to assisting industry in the aggregate rather than focusing on regional development problems.

6. Federal Department of Finance

The Department of Finance under the Small Business Loans Act guarantees loans made to small businesses by private credit institutions. In return for the guarantee the credit institutions must lend at the current bank rate of interest, which is presently two per cent to three per cent below normal lending rates. Since the funds belong to the credit institution, the decision to lend under this act is made by the lending institution.

Further information regarding these and other federal government programs can be obtained from the Regina and Saskatoon offices of the Department of Industry and Commerce or from our regional representatives.

RURAL REGIONS

Mr. R.O. (Bob) Donally,
Dept. of Industry and Commerce,
1212 Central Avenue,
Prince Albert, Saskatchewan
S6V 4V8

Office Phone: 764-6897 & 764-6898

Mr. B.L. (Bryon) Gale,
Dept. of Industry and Commerce,
P.O. Box 879,
Tisdale, Saskatchewan.
SOE ITO

Office Phone: 873-2663

Mr. P.B. (Barry) Gunther,
Dept. of Industry and Commerce,
Provincial Office Building,
110 Ominica Street West,
Moose Jaw, Saskatchewan

Office Phone: 692-1876

Mr. M.E. (Mark) Litowitz,
Dept. Industry and Commerce,
41 Broadway Avenue West,
Yorkton, Saskatchewan.
S3N OL6

Office Phone: 783-9747

Mr. R.G. (Grant) McWilliams,
Dept. of Industry and Commerce,
Plaza Mall,
Swift Current, Saskatchewan.
S9H OL4

Office Phone: 773-7283

Mr. K.M. (Ken) Morine,
Dept. Industry and Commerce,
Room 202, 1214, 6th Street,
Estevan, Saskatchewan.
S4A 1B1

Office Phone: 634-6474

Mr. Franz Zeidler,
Dept. Industry and Commerce,
1146-102 St. Provincial Office Bldg.,
North Battleford, Saskatchewan
S9A I37

Office Phone: 445-4424

URBAN REGIONS

Mr. R.R. (Bob) Hepting,
Dept. of Industry and Commerce,
7th Floor, Sask. Power Bldg.,
Regina, Saskatchewan.
S4P 2Y9

Office Phone: 565-2213

Mr. Ian G. McGilp,
Dept. Industry and Commerce,
701 - 230 - 22nd Street East,
Saskatoon, Saskatchewan.
S7K OE9

Office Phone: 653-4211